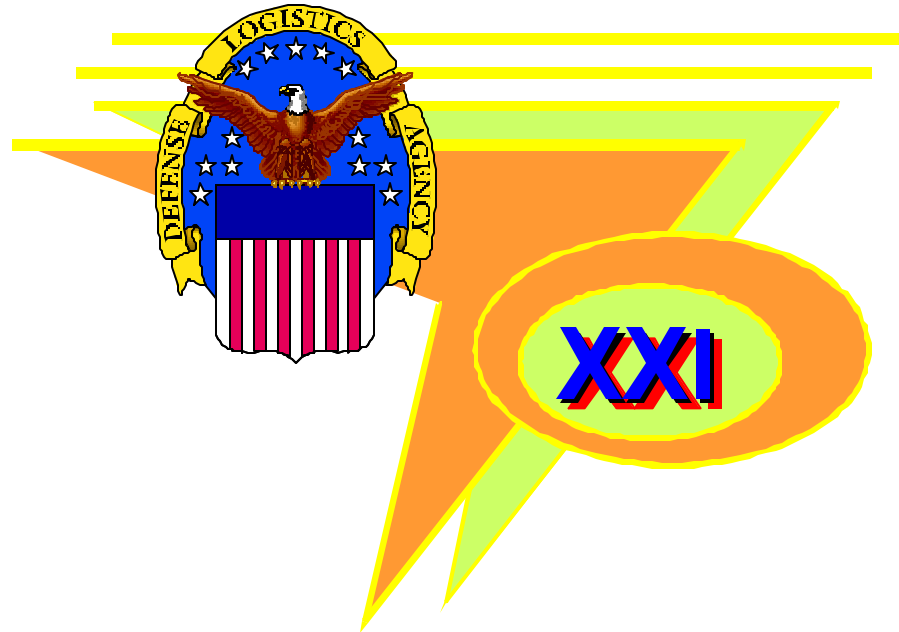


Review of DCMC's Management of the Over and Above Process



**Briefing to General Malishenko
16 August 1999**

**Bill Lonstein
HQ DCMC-OA**

Over and Above Process Review

Over and Above Review

- **Background**
- **Approach and Findings**
- **Conclusions**
- **Ideas for Improving the Process**

Over and Above Process Review

Background

Conditions that led us to check out the issue

- JSTARS Schedule and Funding Problems
- Over and above work load is increasing (see next two charts)
 - Age of the fleets
 - More rework, less new production
- Processing perceived to be cumbersome



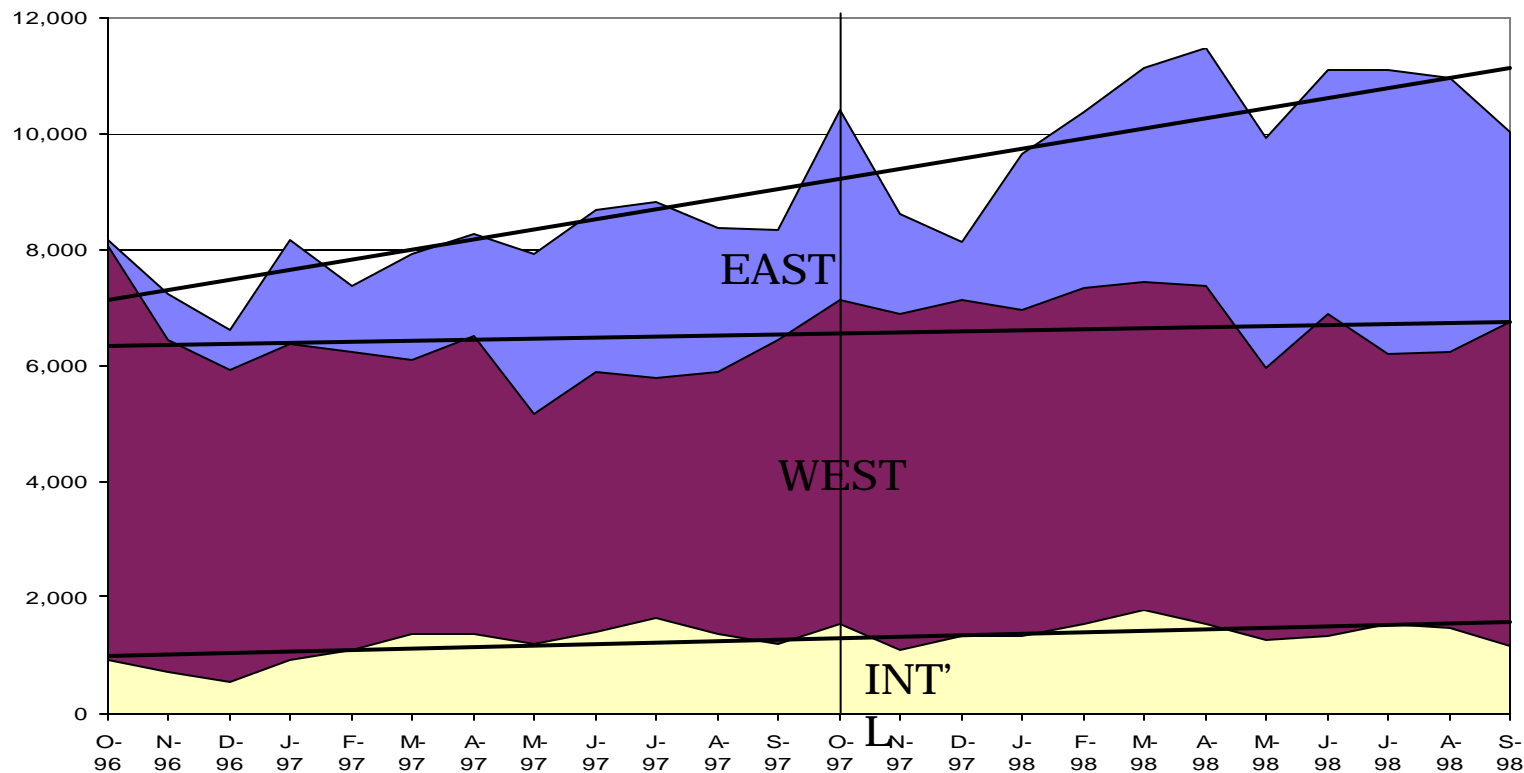
The B-52's are 40 years old now, going for 90 years

vs.

Average of commercial 737s and DC-9s is 15.5 years

Over and Above Process Review

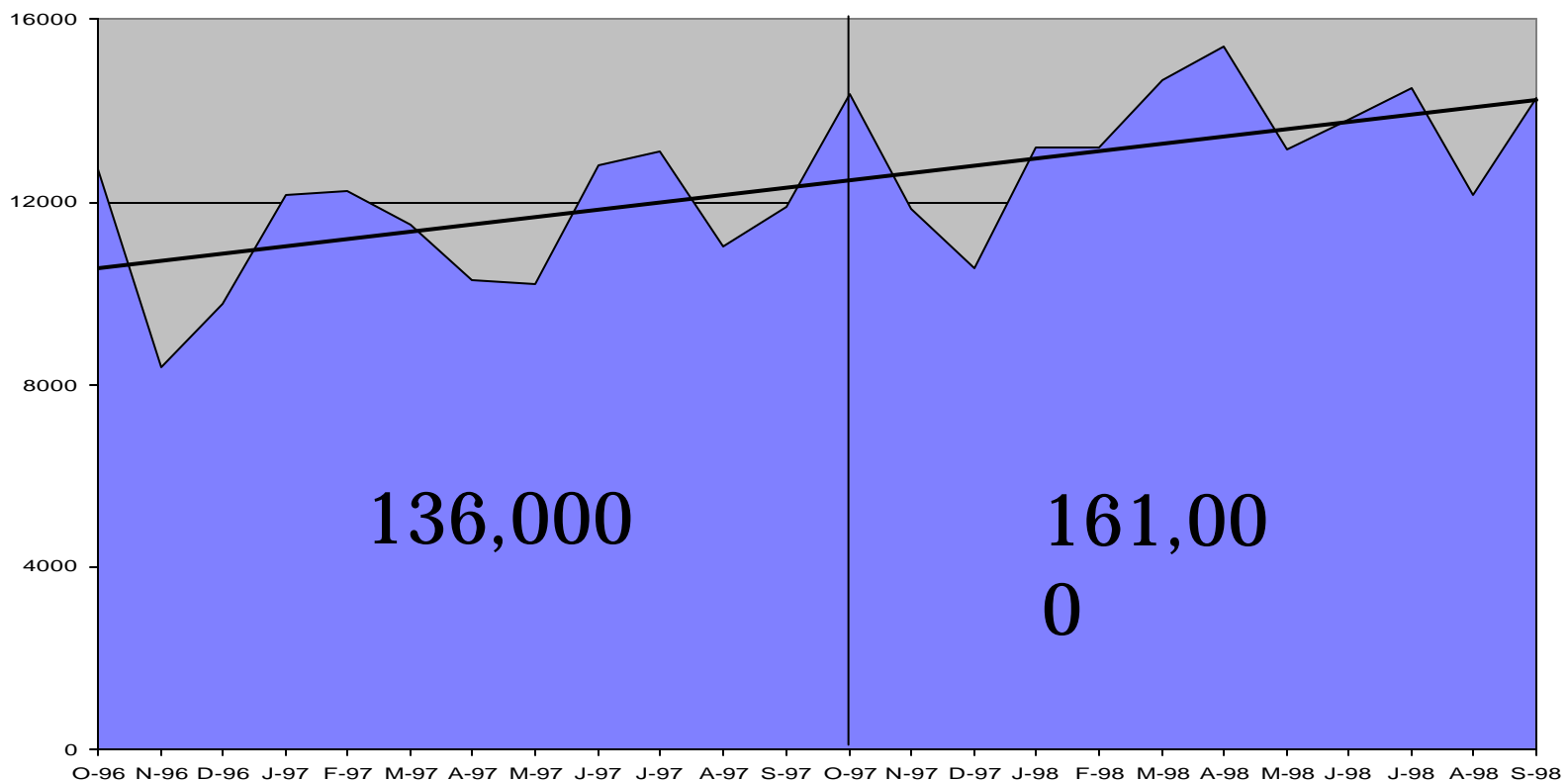
Over and Above Hours Increasing



O&A PLAS hours up 20% from prior year
(Hours for FY 97 =185K Vs. FY 98 = 223K)

Over and Above Process Review

Over and Above Work Requests Increasing



OACIS reports Work Requests up 18% in FY 97 vs FY

Over and Above Process Review

Over and Above Process Review Approach

- Site Visits
- Participated in Air Force Over and Above PAT
- OASYS In Process Review

Over and Above Process Review

Site Visits

- Visited three DCMC sites with lots of Over and Aboves (half of all O&A work requests reported in OACIS during FY 97-98)
 - DCMC Northrop Grumman - Lake Charles, LA
 - DCMC Northrop Grumman - St. Augustine FL
 - DCMC Lockheed Martin - Greenville, SC
- Visited SUPSHIP Portsmouth, VA
- Visited UPS Headquarters
 - Visited TIMCO and TRAMCO (UPS contractors)

Over and Above Process Review

Findings: CAO Visits

Lake Charles has

464

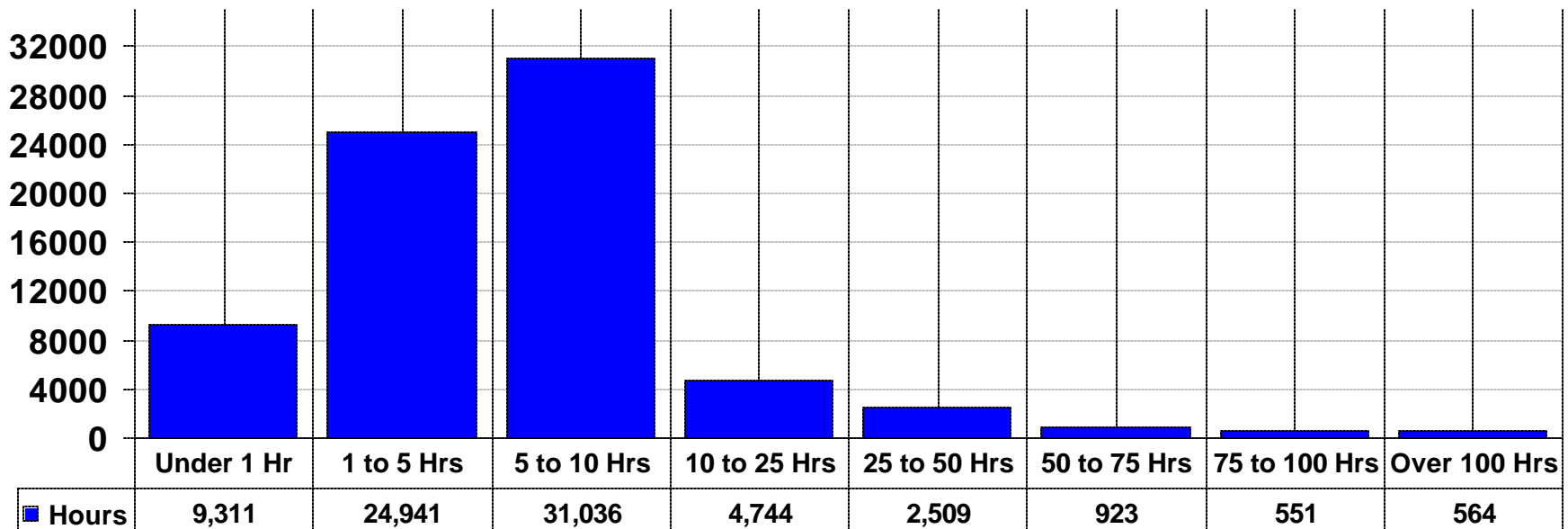
standards, but
growing

- Lots of labor hour standards being used
 - Greenville prices 1/2 of its C-9 and P-3 work requests with standards
 - St. Augustine - 11 general standards, that cover 1,000 plant-wide repetitive repairs
- Catching duplicate work requests
 - OACIS facilitates this by sorting data by location on aircraft
 - In a 18 month timeframe, APMO offices found 4,400 duplicate Work Requests valued at \$2M (represents 2 percent of the documents and 1 percent of the value)
- Working closely with buying offices, contractors, and the ultimate customers, i.e., pilots

Over and Above Process Review

Findings: Distribution of Work Request Value

Hours



(For the period Jul 98 through Jun 99)

APMO only

Over and Above Process Review

Findings: SUPSHIP Portsmouth, VA Vis

- O&A work request process very much like ours (Basic SOW- O&A)
- Use contractors that have Master Ship Repair (MSR) certifications
 - MSRs pre-clears many responsibility and capability issues
- No O&A process flowcharts or manuals
- ACO has authority to approve work over government estimates (10% usually), don't negotiate every hour
- Use Field Availability Support System (FASS) for data collection, measures performance (By project, % complete to \$)

Over and Above Process Review

Findings: UPS Headquarters (Louisville, KY)

- UPS only uses FAA certified contractors
 - UPS builds a long term business relationships
- Labor hour contracts with rates and negotiation on number of hours to repair
- UPS Fleet Group (25 people) at Headquarters; size comparable to the APMO, (however, work sites have only 5 to 7 people)
- UPS Fleet group managers are responsible for reviewing:
 - Audits of actual workcards
 - O&A hours negotiated (however, one site accepts work valued up to 400 hours without negotiation)

Over and Above Process Review

Findings: TIMCO Visit

- TIMCO services UPS's DC-8 aircraft (one a month)
 - At this location UPS was handling O&As like us
 - UPS wants to move move O&As into Basic, just like us
 - TIMCO and UPS just negotiated a 75 O&A hour threshold (don't authorize/negotiate them individually)
 - UPS uses and verifies TIMCOs system for documenting and billing and O&A work (UPS receives and uses the same database files for history)
 - UPS makes a fixed payment (15th of month) then waits to reconcile the final bill

Over and Above Process Review

Findings: TRAMCO Visit

- TRAMCO, div of B.F. Goodrich, services 3 UPS aircraft lines (i.e., 60-727s, 75-757s, & 30-767s)
- 3 UPS planes (1 of each series) are in for repair each month
 - 727s: O&As under 400 hours threshold accepted without negotiation
 - UPS used history to arrive at this
 - TRUST contractor - 12 year relationship
 - Only get 3 O&A repairs over 400 hours a year
 - 757 & 767s: threshold is 50 hours (newer aircraft)
 - Only receive 10 repairs over 50 hrs a year
- UPS pays bills after delivery and acceptance
- 6 people on site
- UPS only customer at this time

Over and Above Process Review

AFMC/OC-ALC PATS

Recommendations included,

- Use standard contract language requirements among services, adopting APMO “Best Practices” link (in new Onebook chapter)
- Change Air Force O&A clause “negotiation completed prior to 40 percent completion,” to grant waivers (AFMC is still working draft with AF FAR committee)
- Promote use of “Certified Estimator” approach
We agreed with all the Air Force PAI recommendations, certifying contractor estimators (AFMC decided not to pu

Over and Above Process Review

OASYS In Process Review (Automating the paper tra

- Lots of paper - same as UPS & SUPSHIP
 - OACIS indicates 297,000 over and aboves (FYs 97 & 98)
 - Lake Charles - 2,200 per month
 - St. Augustine - 2,450 per month
 - Greenville - 1,900 per month
- Offices are dealing with it
 - Contractor, DCMC know exactly where to put it (inbox to outbox to inbox and so on)
 - Most offices have MOAs and SOPs with contractors
- Moving the paper electronically doesn't necessarily mean it will be more efficient--but OASYS yields other advantages such as---
 - Facilitates development of standards
 - Control of funds
 - Metrics

Over and Above Process Review

Conclusions

- JSTARS problem due to contracting strategy of trying to zero time aircraft solely with Over and Aboves
 - Its basic contract SOW consists of 12 pages --other contracts typically have a hundred pages of requirements
 - JSTARS an anomaly
- Funds control is adequate
 - ACOs continually monitor Funds availability -- Request additional funds before funds get too low
 - But we could strengthen the controls through automation (OASYS checks funds availability as soon as OA determines work is Over and Above)

Over and Above Process Review

Conclusions, continued

- Lots of paper but folks are dealing with it
- Metrics need to focus on plane's availability for warfighters. Getting plane fixed during scheduled maintenance is key (Same as SUPSHIP and UPS)
 - Cycle time (time from noting deficiency to correcting it) probable NOT the right metric
 - Currently, 59 % on time delivery rate (based on a 2 month period)
 - Late deliveries attributed to government caused delays-Pemco, KC-135 landing gears; Ozark, helicopter engine re-inspections)

Over and Above Process Review

Conclusions, continued

- Differences between DoD and Commercial:
 - Commercial is interested in building long term relationships
 - Commercial utilizes contractor system to manage O&A paperwork,
 - Commercial uses history and then negotiates **high** thresholds for “non-routines”
 - Commercial uses 5-7 on-site reps, licensed aircraft mechanics
 - Magnitude of O&As for Government can cost as much or more than the basic, commercial never that much

Over and Above Process Review

Ideas for Process Improvement

- Need more contracts with Over and Above work threshold in basic (focus on high dollar value work)
- Use ALPHA/IPT approach for Over and Aboves
 - LM Greenville is partnering with contractor on this
- More up-front and Early CAS involvement for contracts containing Over and Above work
 - DCMC offices are providing experiences to Program Offices for solicitations
 - Encourage common contract clauses at a single site

Over and Above Process Review

Ideas for Process Improvement, continued

- Adopt Risk-based approach (as in new MOR chapter)
 - Emphasize thresholds
 - Periodic sampling
 - Use of Standards
- Should reinstate PLAS code/establish metric (aircraft maintenance important issue)
- Continue to explore commercial practice